

# News Release



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## **U.S. Labor Department Sues to Recover Over \$94,000 in Employee Stock Ownership Plan Assets For Employees of Defunct Post Falls, Idaho, Company**

**COEUR D'ALENE, Idaho** – The U.S. Department of Labor has filed an adversary complaint in the U.S. Bankruptcy Court for the District of Idaho here to recover over \$94,000 owed to the employee stock ownership plan and trust of defunct Alpha Health Services Inc., Post Falls.

The complaint, filed March 9, 2005, seeks to prevent James C. Stone, former president, director and part-owner of the company, from discharging debts owed to the plan in bankruptcy proceedings. According to the suit, the Department of Labor anticipates filing a separate complaint in the U.S. District Court to remedy violations of the Employee Retirement Income Security Act (ERISA). The department alleges that Stone, who was trustee of the company's employee stock ownership plan, used plan monies to fund his personal investment in an overseas money scam. It also alleges that he caused the plan to purchase a house and land from Alpha Health Services; to reimburse him for multiple improvements to the property; and to sell the property to him after he and his wife had lived there rent-free with the plan paying for the utilities.

"This sends a strong message to those responsible for employee benefit plans that they cannot use their employees' funds for their own personal benefit or have their personal debts forgiven at the expense of their employees," said Francis C. Clisham, regional director of the Labor Department's Employee Benefits Security Administration (EBSA) in San Francisco, which investigated the case through its Seattle district office.

The major assets of Alpha Health Services have been sold to Seven Oaks Community Homes Inc., Boise, Idaho. Alpha Health Services filed for bankruptcy in February 2004. There were approximately 149 employees participating in the plan when the company went out of business.

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(Chao v. Stone)  
Adversary No. 05-07007-TLM  
(Bankruptcy Court)

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